

## Explanation of the new compensation system for the Executive Board of Aurubis AG

The new compensation system complies with the requirements of the German Stock Corporation Act and the German Corporate Governance Code, particularly Section 4.2.3 of the German Corporate Governance Code, and builds on established components of the old system. The annual general meeting shall resolve on the approval of the new compensation scheme pursuant to § 120 para 4 German Stock Corporation Act.

The new system is valid for new and subsequent appointments and thus for the new Chief Financial Officer, Mr. Rainer Verhoeven, who was appointed with effect from January 1, 2018. For the Executive Board members Mr. Jürgen Schachler and Dr. Stefan Boel, as well as the former Chief Financial Officer Mr. Erwin Faust, the old compensation system applied and will initially continue to apply. In particular, the variable compensation components have a multiannual basis for calculation, which is mainly forward-looking.

The new compensation system also consists of fixed and variable components. The compensation structure contains overall maximum limits for all Executive Board members, with regard to their variable compensation components.

The variable compensation components contain annual and multiannual components.

Two thirds of the annual variable compensation (the annual bonus) is paid out after the end of the fiscal year and amounts to € 272,000 (max. € 340,000) for ordinary Executive Board members for 100 % target achievement. The remaining one third of the annual bonus is transferred to a virtual two-year stock deferral plan and amounts to € 136,000 (max. € 255,000) for ordinary Executive Board members for 100 % target achievement. The multiannual variable compensation for the "Performance Cash Plan" amounts to € 272,000 (max. € 340,000) for ordinary Executive Board members for 100 % target achievement.

In total (fixed and variable components), compensation for Executive Board members is limited to a maximum amount; for ordinary Executive Board members, this is € 1,355,000 (overall cap). The employment contract for the Chief Executive Officer can designate a higher overall cap for compensation.

Details of the various compensation components:

### **Fixed components**

The fixed compensation components consist of the fixed compensation, the pension plans and the fringe benefits.

The annual fixed compensation amounts to € 420,000 for ordinary Executive Board members and is paid out monthly in equal installments, as was the case with the old compensation system.

The employment contract for the Chief Executive Officer can designate higher fixed compensation.

The pension plans have not changed in comparison with the old compensation system. All Executive Board members additionally receive an entitlement for the company pension plan in the form of a pension commitment. Aurubis AG's contribution for ordinary Executive Board members amounts to € 100,000 per year. The defined contribution for the Chief Executive Officer can be fixed at a higher level. The contributions are paid into liability insurances.

All members of the Executive Board also have a defined contribution company pension plan in the form of a capital commitment. Aurubis AG's defined contribution for ordinary Executive Board members amounts to € 80,000 per year and can be fixed at a higher level for the Chief Executive Officer. The respective Executive Board member can use the accumulated capital after reaching the age of 62 at the earliest; however, not before ceasing to be employed by the company.

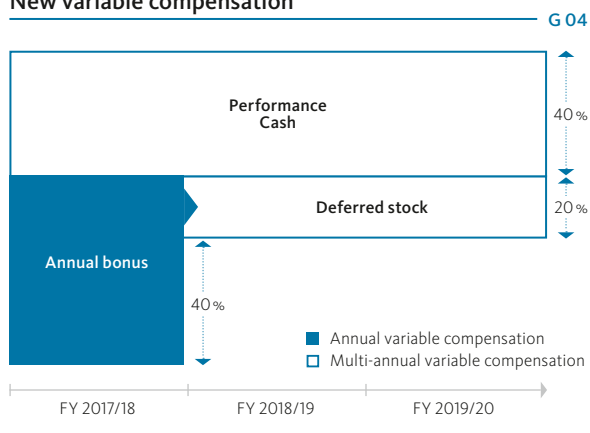
Additionally, the Executive Board members receive fringe benefits in the form of benefits in kind, which primarily consist of insurance premiums and company car use, and are assessed according to tax guidelines.

At its discretion, the Supervisory Board can grant special compensation for exceptional performance that is not covered by the regular compensation. This is stipulated in the employment contract. However, the total cap may not be exceeded. The Supervisory Board most recently granted one-time special compensation in fiscal year 2015/16. With this, the Supervisory Board compensated the interim assumption of additional duties in the Executive Board by Mr. Faust and Dr. Boel.

### Variable components

The system for variable compensation includes both annual variable compensation (annual bonus) and multiannual variable compensation, which is forward-looking. The multiannual, forward-looking variable compensation consists of both a “Performance Cash Plan” over three fiscal years and stock deferred over two fiscal years (virtual stock). The ratio of multiannual to annual variable compensation is 60:40. The variable components are closely aligned to the key corporate control parameters EBT and ROCE.

### New variable compensation



### Annual bonus

The annual bonus is calculated with a weighting of 50% according to the target set for the fiscal year for the operating EBT components, and a weighting of 50% according to the assessment of the Executive Board member’s individual performance for the respective fiscal year, both multiplied by the target value defined in the Executive Board contract. The target value currently amounts to € 408,000 for ordinary Executive Board members. A higher target can be determined for the Chief Executive Officer.

Target achievement for the operating EBT is determined on the basis of an actual/actual comparison. The actual value of the operating EBT in the respective fiscal year is compared with the actual value of the operating EBT of the fiscal year preceding the current fiscal year (prior year). For an unchanged operating EBT compared to the previous year, the target attainment is 100%. If the operating EBT is increased by 20%, the maximum value of 125% target achievement is reached. For an operating EBT of minus 40% compared to the previous year, the minimum value of 62.5% target achievement is reached. Target achievement between these points (62.5%, 100%, 125%) is linearly interpolated. If the maximum value is reached, further increases to the operating EBT do not lead to an additional increase of the target attainment. If the minimum value is not reached, the target attainment amounts to 0%. If the operating EBT is negative for both the previous year and also for the respective fiscal year, the Supervisory Board is authorized to set the target attainment according to its discretion. If a positive operating EBT was achieved in the previous year and a negative EBT in the respective fiscal year, the target attainment amounts to 0%. The annual bonus rewards operating consolidated earnings growth and thereby a strengthening of the company’s profitability with the comparison to the previous year’s EBT.

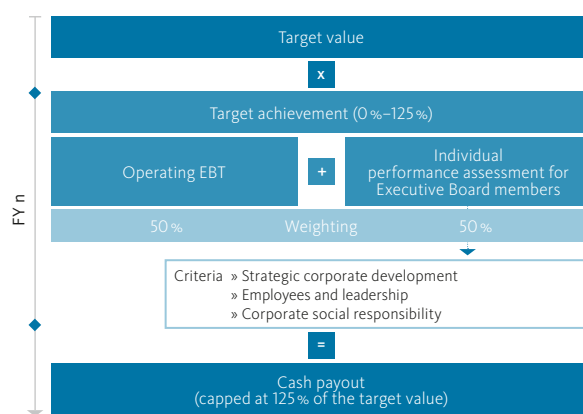
Individual performance is evaluated by the Supervisory Board and is based on criteria previously defined in the employment contract. Currently, strategic company development, employees and leadership, as well as corporate social responsibility, are designated as criteria for assessing individual performance. The Supervisory Board can set the degree of target attainment between 0% and 125%. Furthermore, the Supervisory Board can, at its discretion, reduce the annual bonus in the event of extraordinary, unforeseeable developments (Section 87 Paragraph 1 Sentence 3 (second half of the sentence) of the German Stock Corporation Act).

The annual bonus stipulates a target value cap of 125% for all Executive Board members. Therefore, the annual bonus awarded can amount to a maximum of € 510,000 for ordinary Executive Board members. A higher amount can be stipulated for a Chief Executive Officer.

A two-thirds payout of the annual bonus takes place after the end of the fiscal year. The last third is paid into the stock deferral, which is explained below. There is also a cap on the deferred stock payout.

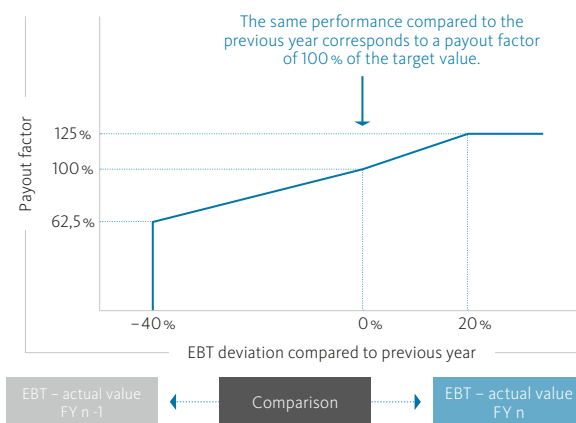
### Annual bonus operating principle

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### Calibrating the performance targets – EBT

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## Deferred stock

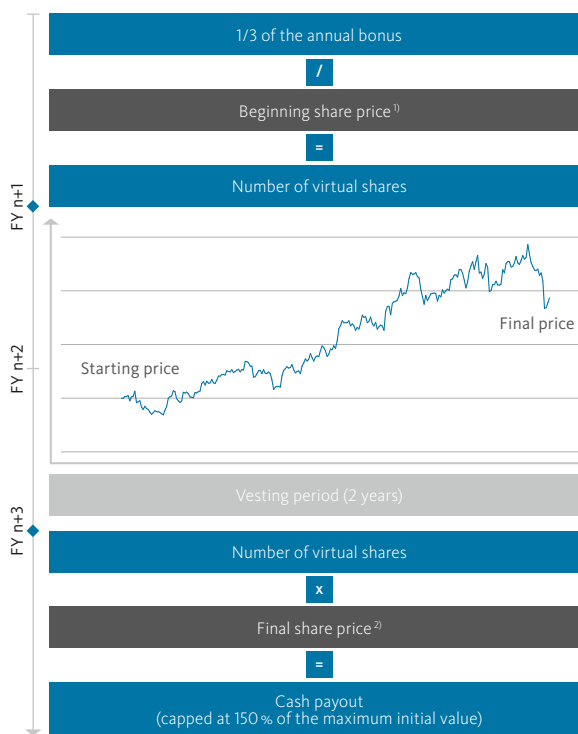
In order to guarantee a focus on stock for the variable compensation, one-third of the annual bonus flows into a virtual stock deferral plan. The stock deferral plan stipulates a two-year, forward-looking assessment basis.

The number of virtual shares at the beginning of the two-year vesting period is calculated by dividing one-third of the annual bonus by the starting share price. The starting share price is set based on the arithmetic average of the Xetra closing price for Aurubis shares on the Frankfurt Stock Exchange over the last 30 trading days before the beginning of the two-year deferral term.

At the end of the two-year term, the number of virtual shares is multiplied by the closing share price. The closing share price also results from the arithmetic average of the Xetra closing price for Aurubis shares on the Frankfurt Stock Exchange over the last 30 trading days, this time before the end of the term. The resulting amount is paid out to the Executive Board members in cash at the end of the two-year term. However, the amount of the payout is limited to 150% of the initial value (corresponding to one-third of the annual bonus) for all Executive Board members. The payout from a stock deferral plan for ordinary Executive Board members is limited to € 255,000. A higher target can be determined for the Chief Executive Officer.

## Deferred stock operating principle

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<sup>1)</sup> Arithmetic average of the Xetra closing price for Aurubis shares on the Frankfurt Stock Exchange over the last 30 trading days before the beginning of the vesting period.

<sup>2)</sup> Arithmetic average of the Xetra closing price for Aurubis shares on the Frankfurt Stock Exchange over the last 30 trading days before the end of the vesting period.

### Performance Cash Plan

The Performance Cash Plan stipulates a three-year, forward-looking assessment basis. The relevant performance target is the average operating Return on Capital Employed (ROCE) over the three-year period, as identified in the Annual Report.

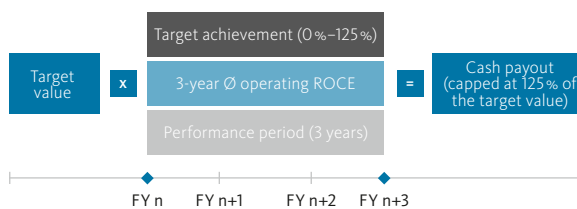
The amount paid out is calculated by multiplying the target set at the end of the three-year period for the operating ROCE by the target value of the Performance Cash Plan specified in the Executive Board contract. The target value currently amounts to € 272,000 for ordinary Executive Board members. A higher target can be determined for the Chief Executive Officer. The calculated amount to be paid out is limited to 125% of the target for all ordinary Executive Board members. Therefore, this can amount to a maximum of € 340,000 for ordinary Executive Board members. Furthermore, the Supervisory Board can at its discretion reduce the Performance Cash Bonus in the event of extraordinary, unforeseeable developments (Section 87 Paragraph 1 Sentence 3 (second half of the sentence) of the German Stock Corporation Act).

In order to determine the final target achievement for the Performance Cash Plan, the average operating ROCE achieved during the period (calculated annually after the respective fiscal year) is determined at the end of the three-year period. The Supervisory Board determines an amount for 100% target achievement ("target value") for the average operating ROCE as well as amounts for 50% target achievement ("minimum value") and 125% target achievement ("maximum value"). The target value of the average operating ROCE for the three-year time period for the fiscal years from 2017/18 up to and including 2019/20 amounts to 12%; the minimum value, 6%; and the maximum value, 15%. Target achievement between these points (50%, 100%, 125%) is linearly interpolated. If the minimum value is not reached, a payout from the Performance Cash Plan does not occur. If the maximum value is reached, further increases to the operating EBT do not lead to an additional

increase of the target achievement. The Performance Cash Plan incentivizes the generation of a positive value contribution by means of an ambitious ROCE target range. The payout takes place at the end of the respective three-year period in cash.

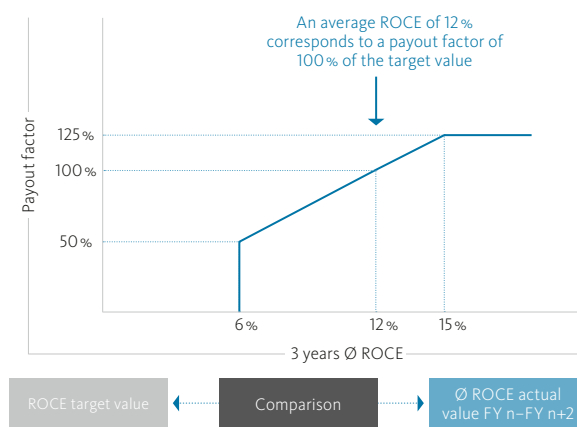
### Performance Cash Plan operating principle

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### Calibrating the performance targets – ROCE

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## Total cap

In total (fixed and variable components), compensation for ordinary Executive Board members is limited to an amount of € 1,355,000. Fringe benefits and benefit contributions from pension commitments do not fall under the total cap. The employment contract for the Chief Executive Officer can designate higher fixed compensation and target values. A total cap also applies in this case and is correspondingly increased.

## Premature termination

In the event of a premature termination of an Executive Board position without good cause, a severance payment will be made within the scope of the new compensation system. Such payment is limited to two years' total annual compensation in accordance with the German Corporate Governance Code recommendations, and does not provide compensation for any time period longer than the remaining term of the employment contract. The employment contracts for the Executive Board members do not contain Change of Control clauses.

## Executive Board compensation target structure

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| Function                                     | Ordinary Executive Board member |                         |
|--|---------------------------------|-------------------------|
|  | Recommendation                  |                         |
|  | Target                          | Maximum                 |
| Basic compensation                           | € 420,000                       | € 420,000               |
| + annual variable compensation <sup>1)</sup> | € 272,000                       | € 340,000               |
| = Target cash compensation                   | € 692,000                       | € 760,000               |
| + Deferred stock <sup>1)</sup>               | € 136,000                       | € 255,000 <sup>2)</sup> |
| + Performance Cash Plan                      | € 272,000                       | € 340,000               |
| = Target direct compensation                 | € 1,100,000                     | € 1,355,000             |

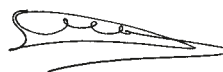
<sup>1)</sup> Annual variable compensation = 2/3 of the annual bonus;  
deferred stock = 1/3 of the annual bonus.

<sup>2)</sup> Additional leverage in maximum deferred stock with  
share price increase of +50% (maximum).

Hamburg, December 12, 2017

The Executive Board

  
Jürgen Schachler  
Chairman

  
Dr. Stefan Boel  
Member

The Supervisory Board

  
Prof. Dr.-Ing. Heinz Jörg Fuhrmann  
Chairman